

## **IMPORTANT R&D CHANGES FROM APRIL 2023**

The government are committed to a number of important changes to Research & Development (R&D) tax relief from 1 April 2023. It also looks increasingly likely that the two existing systems will be merged into a single system in future years and we hope to hear more in the March 2023 Budget.

We already know that there will be a significant reduction in the tax relief available to qualifying SME companies from 1 April 2023, with the current 230% tax relief reducing to just 186%. The effect of this change combined with the reduction in the credit rate will reduce the repayable credit for loss making SMEs from £33.35 per £100 spend to just £18.60. Companies affected should consider the timing of their R&D expenditure.

For non-SME companies the R&D Expenditure Credit (RDEC) is being increased from 13% to 20% as part of the gradual alignment.

There are also important changes to the claims notification procedure from April 2023.